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TAIWAN COMMUNIQUE AND SEPARATION OF POWERS

HEARING

BEFORE THE

SUBCOMMITTEE ON SEPARATION OF POWERS

OF THE

COMMITTEE ON THE JUDICIARY
UNITED STATES SENATE

NINETY-EIGHTH CONGRESS

FIRST SESSION

ON

THE TAIWAN RELATIONS ACT AND THE JOINT COMMUNIQUE SIGNED BY THE UNITED STATES AND PEKING

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TAIWAN COMMUNIQUE AND SEPARATION OF POWERS

THURSDAY, MARCH 10, 1983

U.S. SENATE,
SUBCOMMITTEE ON SEPARATION OF POWERS,
COMMITTEE ON THE JUDICIARY,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room SD-226, Dirksen Senate Office Building, Hon. John P. East (chairman of the subcommittee) presiding.

Staff present: Bill Miller and Jim Sullivan, counsels, and Carolyn Blomdahl, chief clerk, Subcommittee on Separation of Powers; Betsy Greenwood, counsel, Subcommittee on Immigration and Refugee Policy; and Jerry Woodruff, press secretary, Senator East's Office.

OPENING STATEMENT OF SENATOR JOHN P. EAST

Senator EAST. I would like to call this hearing of the Separation of Powers Subcommittee of the Judiciary Committee into session and proceed as expeditiously as possible with the task here this morning.

I welcome Assistant Secretary of State for East Asian and Pacific Affairs, Mr. Paul D. Wolfowitz. I deeply appreciate his coming and sharing his expertise with us on this matter.

I would like to take a few moments just to review the process and progress of these hearings.[1] We believed that this matter of the Joint Sino-U.S. Communique of August 17, 1982, presented some very serious conflicts between what it purported to say—did in fact say, I would contend—and the language of the Taiwan Relations Act of 1979.

We thought the matter raised a genuine question of separation of power because Congress in the Taiwan Relations Act of 1979 made some very specific provisions as regards our relationship with the Republic of China, and yet many in the Congress and elsewhere saw what they thought was a conflict between the provisions of the act and the Joint Communique of August 17, 1982. Hence, there was some concern that this act which had been a joint product of executive and legislative cooperation in 1979 and a part of an overall alteration of our relationship with Communist China and the Republic of China was being ignored.

[1] The Subcommittee on Separation of Powers of the Committee on the Judiciary held previous hearings, September 17 and 27, 1982, on the Taiwan Communique and Separation of Powers. They can be obtained from the committee by ordering volume J-97-137.

The fundamental change, of course, occurred when this country broke diplomatic relations with the Republic of China, established diplomatic relations with Communist China, broke the mutual defense treaty with the Republic of China, and did a number of things that many in the Congress and in this country thought were ill-advised and ill-considered.

PURPOSE OF TAIWAN RELATIONS ACT

The Congress, through the Taiwan Relations Act of 1979, tried to insure in some very specific, concrete language that this alteration, as regrettable as it was, would not in any material or substantive way alter the independence of the Republic of China in terms of its being able to meet its legitimate defense needs, not only against Communist China, but against all potential adversaries. That would include the Soviet Union.

I would note the Taiwan Relations Act is not confined solely to Communist China. It simply states that, among other things, this country intends to see that the Republic of China has whatever instruments of defense it needs against all potential adversaries in the Far East.

If I might quote briefly, the Taiwan Relations Act, section 2(b)(5), states, "It is the policy of the United States . . . to provide Taiwan with arms of a defensive character" and, section 2(b)(6), "to maintain the capacity of the United States to resist any resort to force or other forms of coercion that would jeopardize the security, or the social or economic system of the people on Taiwan."

Then we are told in section 3(a): "In furtherance of the policy set forth in Section 2 of this Act"—the section I have just read from—"the United States will make available to Taiwan such defense articles and defense services in such quantity as may be necessary to enable Taiwan to maintain a sufficient self-defense capability."

Section 3(b) continues:

"The President and the Congress shall determine the nature and quantity of such defense articles and services based solely"—solely—"upon their judgment of the needs of Taiwan, in accordance with procedures established by law. Such determination of Taiwan's defense needs shall include review by United States military authorities in connection with recommendations to the President and the Congress."

THE JOINT COMMUNIQUE

Now, the Joint Communique of August 17, 1982, says, among other things, in paragraph 6, "Having in mind the foregoing statement of both sides, the U.S. Government states that it does not seek to carry out a long term policy of arms sales to Taiwan, that its arms sales to Taiwan will not exceed, either in qualitative or in quantitative terms, the level of those supplied in recent years since the establishment of diplomatic relations between the United States and China, and that it intends to reduce gradually its sales of arms to Taiwan, leading over a period of time to a final resolution. In so stating, the United States acknowledges China's consistent position regarding the thorough settlement of this issue."

And paragraph 7: "In order to bring about, over a period of time, a final settlement of the question of United States arms sales to Taiwan, which is an issue rooted in history, the two governments will make every effort to adopt measures and to create conditions conducive to the thorough settlement of this issue."

And so it goes. I would argue—I am stating a personal conviction here—that even a mediocre freshman in law school, if asked to read the Taiwan Relations Act and the Joint Communique and to see if they were saying the same thing, would have to respond, no, they are not.

THE APPARENT CONFLICTS

There are several glaring conflicts between the two. The first, I would like to point out is on a time limitation. In the Taiwan Relations Act, there is no limitation. It is infinite. It does not state a termination date. Clearly, in the Joint Communique we are told about "final resolution" and about moving toward that end.

So, you move from an infinite commitment to a finite one as the stated policy.

Second, in the Taiwan Relations Act the determination of the defense needs of Taiwan is based solely upon the judgments of this country in consultation with Taiwan and our own military as to what Taiwan's legitimate defense needs are. It is not conditioned upon any third party's conduct. It does not say that the determination will depend upon the conduct of Communist China.

Now, what the Joint Communique does, first, is indicate that the attitudes and conduct of a third party, Communist China, will be the conditioning agent. There is a conflict right there. And even more compelling is that it does not include any other country.

What about continued Soviet expansion in the Far East? What if Communist China should, speaking hypothetically, wind down as a defense threat, but the Soviet Union should loom up as a defense threat? Under the Joint Communique, that would not matter. What would matter would be the conduct of Communist China. Thus, you see a conflict, I would argue, because the arms flow to and the defense needs of Taiwan are now conditioned upon one third party, Communist China. This is clearly a departure from our unconditional commitment in the Tawian Relations Act. There is yet another conflict, I would contend, the Taiwan Relations Act does not specify certain levels of arms, quantitatively or qualitatively. The legitimate defense needs will be met against all potential adversaries, be they on the mainland or be they the Soviet Union or who know what? Times change; history changes. Taiwan's defense needs could change in terms of its potential adversaries, whoever they might be.

CONSTITUTIONAL, LEGAL, AND POLICY IMPLICATIONS

That is what Taiwan, the Republic of China, was getting in exchange for our breaking diplomatic relations and breaking the mutual defense treaty. It is not quite fair from their standpoint that now, unilaterally, the executive branch appears to be backing away from what was clearly provided in the Taiwan Relations Act.

I am suggesting that this presents a separation of powers problem: The Taiwan Relations Act says one thing, the Joint Communique says another. That puts the matter properly within the jurisdiction of this subcommittee, which is concerned, among other things, with separation of power.

Not only is this an interesting philosophical question of separation of power, however. I do not wish merely to pursue esoteric points of American constitutional law. This conflict also has near-term and long-term policy implications.

It is a part of what I would call and what many in Congress would call the "ratchet effect" as opposed to the Republic of China. Here is an old and faithful ally of ours in World War II, in other conflicts, and in the whole global struggle today, out of the United Nations. We broke diplomatic relations. We broke the mutual defense treaty. I think any fair reading of the Joint Communique suggests that it is a part of a continuity here, since the emergence of Communist China in 1948 and 1949, of what I call the "ratchet effect." We keep moving away from acceptance of the Republic of China as a legitimate, sovereign country in the world, and we continue to discredit it and to wind down relationships with it, even in this case, to the point of potentially weakening its genuine defense capability.

Obviously, that was a serious concern of the Congress in 1979; otherwise, they would not have passed the Taiwan Relations Act. So, it is not, I repeat, strictly an abstruse matter of constitutional law. We could save that issue for a constitutional law seminar. The policy implications of the communique are serious and reflect a divergence from what was the clear intent, I would argue, of Congress, in 1979. Now, simply to round out this picture, which I think is a legitimate one for concern, Communist China contends that the communique—and I am quoting now from a UPI report which quotes directly from their foreign ministry official. It says, "The question of Taiwan is an internal affair of China, and we brook no foreign interference. If a peaceful solution to the Taiwan question should be made a precondition to the reduction of arms sales, it would be tantamount to recognition of the U.S. right to interfere in China's internal affairs. This the Chinese people will never agree to."

It is clear from much public commentary by the Communist China foreign ministry that they look upon the Joint Communique as clearly a part of the ratcheting down effect. There is no question about that. Now, lest I appear to be too pessimistic, there is some reassurance that the President of the United States and the executive branch have attempted to put some distance between themselves and the Joint Communique of August 17 by reasserting in public statements that the Taiwan Relations Act is the governing document.

I wish to quote recently from an interview in Human Events with the President of the United States by their Capitol Hill correspondent, Mr. Alan Ryskind. The President is asked about this question of our relationship with Communist China vis-a-vis the Republic of China. And he says this, among other things: "On the other hand, we are making progress in other areas that insure the

representatives and people of Taiwan are treated with the respect with which the American people demand.

"But at the same time, I want to say I think it would be foolish of us not to go forward with trying to keep good relationships with the People's Republic of China," meaning, of course, Communist China.

"Three previous Presidents felt it was important, and there remain solid reasons for doing so. But not at the expense of Taiwan. And we will carry out the terms of the Taiwan Relations Act," says the President. "If the day ever comes that those two find that they can get together and become one China in a peaceful manner, then there would not be any need for arms sales to Taiwan, and that is all that was meant in the communique. Nothing was meant beyond that. We are not going to say, Well, just as time goes by, we are going to reduce the arms to them. No, we hope for a peaceful resolution of this issue."

Then the question was asked:

"But the key point is are we allowed to upgrade Taiwan's defenses, especially if the mainland upgrades its defenses?

"The Taiwanese, I was told," the reporter said, "are not even allowed to get certain defense weapons from us because these defense weapons had not gone to them prior to the issuance of the communique."

Answer from the President of the United States: "We're giving them what we mutually agree upon when their people come here and sit down and go over the defense needs, and, as the Taiwan Relations Act requires, we will continue to address their capabilities and their needs dependent on the situation in the region." [Human Events, February 26, 1983, p. 19.]

Again, the President is suggesting that the Taiwan Relations Act, in his judgment, is still the controlling and dominant document, the Joint Communique of August 17, 1982, to the contrary, not withstanding. So that is encouraging.

Mr. Powell Moore, Assistant Secretary for Congressional Relations, wrote to me in a letter of November of last year the following: "With regard to your concern that the Communique implies a commitment on the part of the U.S. to a termination of U.S. arms sales to Taiwan, I can assure you that the Communique mandates nothing of the sort. Rather, the Communique sets forth a policy regarding future arms sales to Taiwan which is premised upon an assessment of Taiwan's defense needs, the standard established in section 3 of the TRA."[1]

What is the basis of reassurance? One, public pronouncements by the President, and two, this letter from Mr. Powell Moore, Assistant Secretary for Congressional Relations. I like to feel that these hearings have at least brought out for public record for future reference that the Taiwan Relations Act is now and will continue to remain the controlling document despite apparent conflicts in the Communique. That is comforting to those who want to see the Taiwan Relations Act as the controlling document.

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[1]Letter to Senator East from Secretary Powell Moore, November 4, 1982, reprinted in "Taiwan Communique and Separation of Powers": Hearings before the Subcommittee on Separation of Powers of the Senate Committee on the Judiciary, 97th Cong., 2d sess. 188 (1982).

And I do want to see that and so do many other members of the Congress, cutting across party lines, even cutting across philosophical lines: there is a feeling that we do not want to alter that fundamental commitment of this country to meet the legitimate defense needs of the Republic of China. Period. We do not want it conditioned upon the conduct of third parties, fourth parties, fifth parties, or the vagaries and whims of changing administrations.

CLARIFICATION BY EXECUTIVE ORDER

It is the latter point that is of some concern to me to the longer term. Though the President's comments are reassuring as are those of Mr. Powell Moore, ideally, what I would like to see—and I think many members of Congress agree—is an Executive order once and for all settling the matter, so that it would become a part of the official diplomatic record.

Right now we have some good evidence from Mr. Powell Moore and from the President himself that does become a part of the permanent, long term record, and for that I am grateful and encouraged. We know the commitment of this President and this administration to the defense of Taiwan, the Republic of China. This President has been a long time supporter of the Republic of China. He has taken that posture consistently throughout his long and distinguished political career, as Governor, as candidate, and as President.

His commitment really does not concern me and probably most Members of Congress. But the point is that administrations do change. What I and others who share my concern would hope is that we might shore up the record a bit more firmly to make it clear for future Presidents, future administrations, that the Joint Communique does not in any way, shape, or form undercut the Taiwan Relations Act of 1979. That would be the ideal.

But at least I and many others are comforted that the President himself and Mr. Powell Moore, speaking for him in an official capacity, have indicated that they see no conflict and that one never was intended. That is encouraging, and that is comforting.

I appreciate the indulgence of the distinguished Secretary and others present for this somewhat protracted explanation of the problem. As chairman of this subcommittee, I wanted to make it clear what the purpose of these hearings has been. I think we have made some progress for the public record. And I hope we have at least made it substantially clearer than it was previously that the Taiwan Relations Act is now the preeminent and controlling document on this matter of meeting the legitimate defense needs of the Republic of China and all other matters covered by the Taiwan Relations Act.

I would hope ultimately we might get an Executive order clarifying it more permanently for future reference. So, having said my piece, what I would appreciate is if the distinguished secretary would comment upon whether he believes, as a spokesman for the administration, that such an Executive order is necessary, and what is the likelihood we might obtain one.

I would like to commence with that question, please, or questions.

STATEMENT OF PAUL D. WOLFOWITZ, ASSISTANT SECRETARY OF STATE FOR EAST ASIAN AND PACIFIC AFFAIRS, DEPARTMENT OF STATE

Mr. WOLFOWITZ. Senator, if I could beg your indulgence, I will proceed as you would like, but—let me begin by noting that I think the hearings that you have conducted and the record, which I have read and I have read particularly the testimony of Mr. Davis Robinson earlier, have been very useful in setting forth official statements by the President and by Mr. Powell Moore, and also in response to questions that you submitted to the State Department highlighting important statements that my predecessor, Assistant Secretary Holdridge made about the meaning of the communique.

If I could beg your indulgence, having read Mr. Robinson's testimony, I prepared a statement that I think may shed some light, give some of the clarification, that I can see you are seeking from him. I cannot get into the legal questions as he could, but I understand the relationship between law and policy is often a difficult one to disentangle. If I could just read the statement briefly.

Senator EAST. Sure. Go right ahead.

Mr. WOLFOWITZ. It is a privilege to testify before this committee, although it is somewhat intimidating to appear on a subject as abstruse as separation of powers. I am not a lawyer, much less a constitutional lawyer; nor, must I confess, could I entirely follow the discussion between you and legal adviser Robinson on the exact relationship between law and policy, other than to note that you both seemed to agree that issues of law and policy are on occasion intertwined. On that basis, Mr. Chairman, I hope that I can be helpful on the policy matters that relate to your inquiry. I hope you will be understanding if I defer to previous testimony on legal issues. I seek only to fulfill the President's personal commitment to implement our policies, including the Joint Communique in a manner fully consistent with U.S. law, including the Taiwan Relations Act.

In your discussions last fall, you posed, perhaps rhetorically, the hope that the State Department would clarify beyond question whatever misunderstandings might have come out of the communique, and that there would be no need to have any more hearings because the Department agrees that the Taiwan Relations Act stands categorically as the law of the land. But neither of these documents is self-executing. Without our vital and continuing commitment, neither document alone would assure the well being of our friends on Taiwan. So, while as a witness I might be glad not to have to testify further, as a citizen I welcome such hearings.

You expressed in last fall's hearings your fear that Congress, which had asserted its voice in the Taiwan Relations Act, might be deprived of its policy making function. Clearly, this is not and will not be the case. I say this confidently not because I understand the legal impediments, but because I understand Congress desire to assure the well being of the people of Taiwan expressed in the act to be reflected fully in the President's own wishes.

On the very day that he issued the communique—and I would like to emphasize, Senator, this is not a new statement that he made just recently in an interview in Human Events; this has been the President's position clearly stated the day the communique was

signed. President Reagan spoke of his vital and continuing personal commitment to the people of Taiwan, and I am quoting from him now:

"In working toward this successful outcome, we have paid particular attention to the needs of the people of Taiwan. My longstanding personal friendship and deep concern for their well being is steadfast and unchanged. I am committed to maintaining the full range of contacts between the people of the United States and the people of Taiwan—cultural, commercial, and people-to-people contacts which are compatible with our unofficial relationship. Such contacts will continue to grow and prosper and will be conducted with the dignity and honor befitting old friends."

Quoting the President, I would note that that is part of the official record of the U.S. statement accompanying the communique. The President was no less forceful in that statement on the issues of arms sales, which I understand is the key concern of this committee. The President in the very next sentence went on to say, and I am quoting him again now:

"Regarding future U.S. arms sales to Taiwan, our policy set forth clearly in the communique is fully consistent with the Taiwan Relations Act.

"Arms sales will continue in accordance with the act and with the full expectation that the approach of the Chinese Government to the resolution of the Taiwan issue will continue to be peaceful."

That ends the quote of the President. That is the metal that underlies the act and the communique. It is our joint job, Congress and the executive branch, to see that we fulfill the communique and the Taiwan Relations Act in a manner that meets all of our policy goals and all of our solemn commitments.

Some of those policy goals and commitments extend as well to the government of 1 billion Chinese on the mainland.

As President Reagan said in the same statement, and I quote again, "Building a strong and lasting relationship with China has been an important foreign policy goal for four consecutive American administrations. Such a relationship is vital to our long term national security interests and contributes to stability in East Asia. It is in the national interest of the United States that this important strategic relationship be advanced. This communique will make that possible, consistent with our obligations to the people of Taiwan."

At the time of the normalization agreement with China, it was clearly understood that we would maintain commercial, cultural, and other contacts with the people of Taiwan on an unofficial basis. Both sides, reflecting the importance they placed on good relations and their confidence in the relationship's evolution and progress, chose to move ahead with normalization despite the fact that not all differences had been resolved; indeed, very far from it.

Among the differences left unresolved at the time of normalization was the question of arms sales to Taiwan. In the communique of August 17 of last year we addressed this difficult matter. The communique, which was the result of 10 months of negotiations, does not settle the issue or remove the differences, but we hope that it will provide a framework for managing our differences with the Chinese Government on a matter of great sensitivity to us

both. I believe that it also promotes the prospects for peaceful resolution of the Taiwan issue, which is our fundamental, abiding interest.

The formula agreed to in the Joint Communique, as the President has stated, is entirely consistent with our principles, our interests, and our domestic legislation. The Chinese reiterated their fundamental policy to strive for a peaceful solution to the Taiwan question. The President recognizes the relationship between Taiwan's defense needs and China's peaceful policy, and in this context clarified our view of the defensive arms that Taiwan would need. As the President made clear, our future actions—I am quoting him—"will be conducted with this peaceful policy fully in mind." Neither the administration nor the Taiwan Relations Act seeks to sell arms merely to sell arms; rather, both are concerned with meeting Taiwan's legitimate defense needs. It is well known that during the negotiations leading to the communique, the Chinese sought U.S. agreement to set a date certain for ending arms sales to Taiwan.

Negotiations were tough, but the United States refused to set any such date. Not only did we do that, but we refused to commit ourselves to an ultimate termination of sales. My predecessor testified before the Senate Foreign Relations Committee on the day the communique was issued, and now I am quoting from John Holdridge:

We refused because the level of our arms sales must be determined by the needs of Taiwan, and we could not agree to a termination date as the Chinese demanded, which might impair our ability to meet those needs.

That also is part of the record that accompanies the communique. I think it is important, and I think these hearings have served a useful purpose in making, drawing out these statements as a part of the record.

The standard for judging the flow of military equipment to Taiwan under the Taiwan Relations Act is Taiwan's defense needs. We met the standard before the communique, and we must and we shall continue to meet that standard in the future.

It is important to bear in mind some things that we did not agree to in the communique. We have not agreed to consult in advance with the PRC on arms sales to Taiwan, nor shall we do so. We have not changed our position that the Taiwan question is a matter for the Chinese on both sides of the strait to resolve, and that we will not interfere in this matter or pressure Taiwan to enter negotiations.

We have not changed our longstanding position on the issue of sovereignty over Taiwan. We do not seek any of these changes, nor would we seek to change the protection of the Taiwan Relations Act itself.

Just as this administration intends to live up to the protections in the Taiwan Relations Act, it intends to comply with the policies as expressed in the August 17 communique, as well as other communiques negotiated by previous administrations. We fully expect the Chinese to do the same.

That is the key, I believe, to managing effectively our still large differences over Taiwan. Indeed, in the 11 years since we negotiat-

ed the original Shanghai Communique, the situation in the Taiwan Strait has been peaceful, and the people of Taiwan have prospered.

It is, of course, natural and prudent to peer into the uncertainties of the future. There are, I believe, important strategic and political reasons for China to continue to adhere to its policies articulated in the communique, and that consequently bear upon the threat to Taiwan and Taiwan's defense needs.

The Chinese perceive the Soviets to be their principal security threat. China's relationship with the United States is important to us, but it is equally important to China for what it can contribute to China's security and progress. To abandon a peaceful approach would be of grave concern to the United States and would certainly jeopardize future relations with us. It would also jeopardize China's effort to build peaceful and constructive relations with its neighbors in Asia. These concerns, on top of Taiwan's own current and, let me emphasize, future capabilities to resist efforts to resolve its future by anything other than peaceful means, give us reason to expect that China will continue to pursue a peaceful policy.

We, too, wish to preserve meaningful and substantial benefits derived from a decade of improving relations with China. We all no doubt well remember the state of United States-China relations in the more than two decades preceding the issuance of the Shanghai Communique. Our rapprochement in the last decade has changed the global balance of forces and it has brought tremendous benefits to all U.S. friends and allies, particularly in Asia.

Today the United States and China have no need to plan for a Sino-American war contingency. Instead, we have an acknowledged common interest in maintaining peace and stability in Asia and in containing Vietnamese aggression in Southeast Asia. And I would note that that is one of the most important things that we are doing today. We have a common front in resisting Soviet aggression in Afghanistan, and we are able to consult with China on numerous international issues of common concern.

As United States-China relations have improved, a more stable East Asian situation has evolved in which most nations have constructive relations with Peking. This allows our friends and allies in the region as well as the Chinese to concentrate their efforts on economic progress to the benefit of all. No region in the world has made more significant advances in the past few years than East Asia.

In the interest of saving some time, let me just note quickly—and I could add this when I submit the statement for the record. We have made great advances in our two way trade with China, from which we draw great benefits as well as the Chinese. We have made great progress, I believe, in opening human contacts; I think having many Chinese students studying in American universities as well as many Americans visiting China are producing an ever more sophisticated understanding of our respective, very different societies.

None of this should imply that substantial obstacles do not remain. Our very success in expanding economic relations, for example, brings complications with it. Increased contacts will on occasion lead to increased friction. It is inevitable as relations mature and develop that the attendant bilateral problems grow progres-

sively more complex. This is true for any two countries, but especially for two countries that maintain such fundamentally different systems. And I do not seek to gloss over those differences.

We should not allow our considerable respect for many of China's achievements and our desire for increasingly close ties to obscure our different views. At the same time, I do not think we should seek to emphasize our differences, but should rather work as much as possible to increase the considerable benefits that our growing relationship can bring. Despite our problems, the relationship with China is important enough to us—and it seems also to the Chinese that we will endeavor to manage our differences, including those over Taiwan, in a way that maintains the focus on our strong interest in bilateral and international cooperation and preserves the gains I referred to previously.

In the formula that was agreed to in the August 17 Joint Communique, the United States agreed gradually to reduce the level of arms sales to Taiwan, the Chinese to pursue a peaceful approach to resolving the Taiwan problem, is, I believe, entirely consistent with our principles, our interests, and with U.S. domestic legislation. The Chinese clearly and unambiguously assert their policy of using only peaceful means to settle their differences with Taiwan and describe this policy as fundamental. And I would note that in the statement that you quoted earlier, it is the two governments that say that they will make every effort to adopt measures and create conditions conducive to the thorough settlement of this issue. It is not merely a burden on the United States; it is a burden on the Government of China as well.

We quite logically recognize the direct relationship between Taiwan's defense needs and China's peaceful policy, and in this context agree to reduce gradually the quantity and quality of our arms supplies to Taiwan. And let me make an aside here because I would like to—that is I am not trying to avoid the questions you raised. In fact, I would like here to note a comment about one of them.

It is correct, as you say, that the law says that the defense needs of Taiwan will be based solely on the judgments of this country of what those needs are. But I would disagree that that means that those judgments of need are independent of the conduct of any third country. Just as, for example, we consider the defense needs of South Korea very much with an eye to the conduct of North Korea; in particular the very threatening, menacingly threatening posture that North Korea maintains vis-a-vis South Korea, so the defense needs of Taiwan must necessarily be related to the conduct of the Chinese on the mainland—and I want to keep coming back to that word "conduct." It is not merely a matter of attitude. It is a matter of actions as well of countries that might threaten Taiwan, in particular, the conduct of the Government of China.

While we do not seek to carry out a long-term policy of arms sales to Taiwan, we did not agree to set a date for ending arms sales, nor did we agree to consult in advance with the PRC on arms sales to Taiwan. And I would again like to emphasize very clearly, there is no time limitation in that communique. We do not accept such a time limitation. As the President has made clear in his remarks, we do not necessarily accept the interpretation that a final

resolution of the arms issue would necessarily mean a termination. Clearly, movement toward resolution of that issue is going to depend on how the Chinese themselves on both sides of the Strait move toward resolution of their own differences. What we are fundamentally trying to do is create conditions where that movement is conducted by peaceful means.

As I see it, the standard for judging the flow of military equipment to Taiwan under the TRA is Taiwan's defense needs. We expect that so long as China maintains its nonthreatening posture toward Taiwan in accordance with the policies we set down in the communique, Taiwan's defense needs will gradually diminish. I, therefore, believe the communique to be consistent with the Taiwan Relations Act as we determined should be the case. As the President has asserted, we do not seek any revision of the Taiwan Relations Act.

I have a little more, but I think you would like to ask questions, and I will put it in the record.

Senator EAST. I appreciate your commentary, and it is very useful. As you know, your written statement will be made a part of the record.

Mr. WOLFOWITZ. Let me stop here and——

Senator EAST. I appreciate your indulgence, Mr. Secretary, and I did not wish to cut off your opportunity to comment. We will certainly keep the record open for anything else you wish to add for clarification. I do not wish to preclude you or the administration from putting anything into this record that you feel accurately and properly states your situation. I am not trying to skew the thing here in any way to your disadvantage, as far as the record that this subcommittee will ultimately be submitting.

TAIWAN RELATIONS ACT AS CONTROLLING POLICY STATEMENT

Because of the interest of time and just to clarify my own thinking, I understand that what you are saying, then, is that you do not see glaring conflicts here; that this administration, as you understand it, still considers the Taiwan Relations Act as the controlling instrument in this area, and hence we do not have a genuinely substantive problem; that the President's language and Mr. Powell Moore's language have indicated that; and that it has not been the purpose or the intent of the administration to try to erode that away or to undercut it.

I am not trying to put words in your mouth, but would that be an accurate statement?

Mr. WOLFOWITZ. I think—I will check the record and make sure, but I think I agree with everything you have said. Let me say in my own words that it is correct that the administration believes that and insists that our policies will be consistent with the Taiwan Relations Act.

Senator EAST. All right. So the policy of this administration is then one that is now, has been, and will continue to be consistent with the Taiwan Relations Act. I personally find that reassuring.

I gather then, as my second point, you really think it would be redundant to have an Executive order. That is, why have an Executive order asserting what is already the current, established policy?

I had suggested that it would be helpful to have an Executive order. You see, I am trying to figure out some way we could reach some orderly resolution of this problem. There is not much the Congress can do. The Congress stands by the Taiwan Relations Act. So for us to pass a resolution reaffirming a law that already is law is an exercise in futility. Not that that would preclude congressional action; often the U.S. Senate and Congress are doing exercises in futility.

But I would not want to recommend that to the Congress. There is no need to do it. Congress had spoken with one voice in 1979, and this is the fruit of it. It is still the controlling document, and what it seems to me the administration is saying, Mr. Secretary, through you, through Mr. Powell Moore, and through the President's statements themselves, is that there is no conflict here as the administration sees it.

Hence, we do not have a genuine, substantive, serious problem. It is more apparent than real. Is that about where we are on it?

Mr. WOLFOWITZ. I think that is where we are, and I think we do not have to go to some newspaper interview or some relatively spontaneous unofficial remarks to do it; we can get it straight out of the President's statement at the time of issue of the Communique. And I think to go beyond that and have an Executive order saying that the President intends to carry out the law, which is what we are saying here——

Senator EAST. Would be as fruitless as our passing a resolution saying we adhere to the law of 1979. Is that what you are saying?

Mr. WOLFOWITZ. I think that is very——

Senator EAST. There has been no substantive or fundamental alteration or change.

Mr. WOLFOWITZ. I think that is right. And if I could say something else, too. I mean, certainly I understand why you have asked the questions you have asked. It is not obvious on the face of it why what we say we will do about arms is the same thing in the communique as what the TRA says.

The essential key to understanding it is, as we have made clear and we will continue to make clear, that the statements we make in the communique we understand in the context of China's statements and, even more importantly, China's actions in pursuing a peaceful policy. We are going to look to those actions over time. We will carry out the obligations we have under law with a view to the conditions and the needs of the people of Taiwan.

REQUEST FOR EXECUTIVE ORDER

Senator EAST. Well, I think your testimony this morning is reassuring in that I would contend this record now bears out that though there are those who will at least on literal reading of these two documents see these conflicts, we have been reassured by the President, by Mr. Powell Moore, and by you that there is no fundamental, substantive conflict here, and those appearances are more apparent than real, and the controlling instrument is the Taiwan Relations Act.

Lest we go on ad nauseam on a point where I think you have made your position clear and where we certainly have tried to

make ours clear, I would appreciate the State Department and the administration, in particular, reviewing once again whether it might not be useful for future reference and administrations to have an Executive order clarifying this in a very categorical way.

At least perhaps we could get eventually a letter of response from the administration on it. I gather in anticipation of that, what you would contend is there is no conflict. Hence, why have an Executive order to correct a conflict that you are contending does not exist?

I would respect, of course, your position there and understand it and would agree with you that if there is no conflict, as the President says there is no conflict, there is no use issuing an Executive order saying there is no conflict. But I would appreciate that we might at least get the response of the administration, the State Department, clarified on that point, that they would see no need to do that, or in fact would agree that would be useful and to do it accordingly. We would be happy to send a letter requesting that clarification.

[Subsequent to the hearing, the subcommittee received the following letter:]

U.S. DEPARTMENT OF STATE,
Washington, D.C.

Hon. JOHN P. EAST,
U.S. Senate

DEAR SENATOR EAST: I welcomed the opportunity to participate March 10 in the third sesssion of your hearings on the relationship between the Taiwan Relations Act (TRA) and the US-PRC Joint Communique of August 17, 1982.

At the March 10 hearing, you expressed the thought that some clarification of the Communique, in the form of an Executive Order, would be useful so that future Presidents and Administrations might have on the record an authoritive statement that the Joint Communique does not undercut the TRA in any way.

As I responded then, the Joint Communique is a statement of policy, and the Administration views such policy as consistent with the TRA. To quote from the President's remarks of last August 17: "Regarding future U.S. arms sales to Taiwan, our policy, set forth clearly in the Communique, is fully consistent with the Taiwan Relations Act. Arms sales will continue in accordance with the act and with the full expectation that the approach of the Chinese Government to the resolution of the Taiwan issue will continue to be peaceful."

In line with the President's firm commitment to carry out our policy expressed in the Joint communique in a manner fully consistent with the TRA, I feel that there is no need for the President to issue an Executive Order clarifying the intent of the communique. Such an Executive Order would in my opinion be redundant, and therefore unnecessary.

Again, I welcomed the opportunity to participate in your heaings, and feel that they were extremely useful in adding to the public record on this issue.

Sincerely,

PAUL D. WOLFOWITZ.

Senator EAST. Finally, again in the interest of time, I have mentioned this ratchet effect problem that does greatly concern many of us about the erosion of our relationship with the Republic of China. I noticed in the press of late there is some pressure from Communist China about expelling Taiwan, or the Republic of China, from the Asian Development Bank. Now, I am not suggesting you can speak categorically with total authority upon the current administration policy on this matter. But I am somewhat troubled by it in that the Taiwan Relations Act, section 4(d) explicitly provides, "Nothing in this act may be construed as the basis for supporting the exclusion or expulsion of Taiwan from continued

membership in any international financial institution or any other international organization."

Now, the act is very categorical there; that this act—and we have all agreed it is the controlling document—would preclude—our acquiescing in any way, shape, or form to possible exclusion of the Republic of China from the Asian Development Bank.

Now, if that should not be the case, and if we should be moving in the direction of excluding Taiwan, I would submit again that we have this ratchet effect problem, and I am back to the argument that, I guess it is the old Biblical admonition, "We shall judge them by their fruit," that what is being said is one thing and what is being done is another.

It would be another example, another ratchet effect example, of eroding away our support for the Republic of China. Not only do I think it is unprincipled and bad policy, which I agree is not necessarily the controlling thing, being the opinion of merely one Senator on the matter, but I think it is contrary to the Taiwan Relations Act's own express language.

Now, at some point, it occurs to me, Mr. Secretary, the administration will be judged by its actions, as any administration is. I do not wish to sound intimidating as regards to this administration. But any administration is going to be judged by its action, not its rhetoric. Not to put you unduly on the spot this morning, but as a spokesman for the administration, could you on this point of the Asian Development Bank give us any reassurance that we would not be anticipating any administration moves that would in any way contribute to the expulsion of Taiwan in clear violation of the act. Again I think it would be bad policy as a part of the ratchet effect.

Mr. WOLFOWITZ. Let me say this: our view is that if the PRC wishes to come into the bank, then that can actually be a constructive thing and we would support it.

But if Taiwan were expelled, it would cause a difficulty for U.S. support of the bank, and we have made that very clear. We have made that view and that concern known not just to the parties directly involved, but to all the members of the bank.

And we put that burden upon them to find a constructive solution here.

Senator EAST. Well, as I understand it, there is no power of expulsion to commence with in terms of Taiwan having been a permanent member of the bank. And again for us in any way, shape, or form to aid or abet such an effort in violation of the initial provision of the Asian Development Bank would be a violation of the Taiwan Relations Act.

U.S. DOUBLE STANDARD TOWARD RED CHINA

I find it curious in American policy—beginning with the Shanghai Communique and the expulsion of the Republic of China from the United Nations, then our breaking diplomatic relations, the mutual defense treaty with Taiwan, then the unfortunate cCmmunique of August 17, and then conceivably some pressure to get the Republic of China out of the Asian Development Bank—

that there is almost a fixation that one must placate at all costs Communist China.

It seems to me this is also contrary to many general policies. For example, where is the normal human rights standard that is required before we improve relations with countries? We are told that El Salvador must run a model democracy, and it does in fact have a democracy. We are told it is not democratic enough and that we must condition every new contract, every bit of aid, economic, cultural, monetary based upon that progress toward "human rights."

Yet when it comes to Communist China, we are simply told that it is a big country and has lots of power and never mind its human rights record, that it is a totalitarian regime and that it aids and abets regimes like the Pol Pot regime, one of the most hideous dictatorships in the post-World War II period.

I am curious, for example, that the recent administration seemed to be indifferent in terms of a human rights standard as applied to Communist China. We are told they have control and they have power, and that is enough. Well, if that is the standard of sovereignty that is certainly true in Taiwan. There certainly is not any question that the Government of Taipei is in control. It is a country of 18 million people, plus it is a viable, productive, creative country; it has a dynamic economy, strong people, able people, loyal people, trustworthy people, they have been our allies and a vital component of the power structure in the Far East.

Why should we continue to whittle away our relationships with them in order to placate a dictatorship—and clearly it is a dictatorship—I do not know of anybody who would deny that. Even the rhetoric troubles me here We talk about the People's Republic of China. It is not a "people's republic." It is an elitist dictatorship.

We even mouth the language here in order to give it the gloss, the facade, of democracy. It is not a republic; it is not a representative republic. It is a Marxist-Leninist dictatorship. I do not know of any plans in the "Peoples's Republic" of China to have any elections to a representative body, and I doubt if the statement can tease that out of the historical record, either.

It reminds me of George Orwell's "1984." We use the language of the dictators to describe their regimes, and yet we are not expected to speak of the Republic of China. It must be "Taiwan" or "Taipei" or some sort of vague, nonentity referring to a geographical area.

IMPORTANCE OF POLITICAL RHETORIC

The point I am raising here is that you have a relationship between statement and policy, statement and statutes or joint communiques. This rhetoric is a part of an unfolding of a policy posture. What I say may go unreported in the press in this country who often remain strangely silent on these matters. It is almost an unspoken matter of faith in this country that one dare not speak and offend Communist China.

Oh, one dare not do that. I do not know why not. I do not know why Communist China should dictate our relationship with an old and faithful ally any more than they can dictate our relationship with Japan or Australia, or the Republic of Korea. And there

creeps into the rhetoric—it comes perhaps out of the inner recesses of the State Department, and maybe one can never quite silence it—this overly generous spirit in terms of trying to placate and to dissemble when any matter arises concerning our relationship with Communist China.

Mr. Secretary, I do not wish to use you as a captive audience to unload on too heavily, but I really believe that what I am saying is a very prevalent concern in this Congress, and that is why in the Taiwan Relations Act they were trying to make it clear that nothing would alter our fundamental obligation to meet the legitimate defense needs of these people, the country of Taiwan, the Republic of China. Nothing would alter our relationship in terms of its fundamental defense needs.

We would continue, of course, to have cultural exchange, economic exchange, et cetera. We would have a viable relationship. I just find it deeply troublesome that there is often mounting evidence that the policy of the United States continues to work the other way, as a matter of action, though often the rhetoric attempts to be reassuring.

I would leave you with that final thought, that I would hope you would convey to the administration a deep concern here in the U.S. Senate about this matter of the Asian Development Bank. We appreciate the administration sending you to reassure us again on the Taiwan Relations Act as the governing and controlling instrument here.

That has been reassuring from the testimony. But I would like for the actions to match the words so that we could avoid any further misunderstanding between the administration and the Congress and so that there would be no further need for hearings of this kind.

I have spoken at some length. I hope I have given some direction and focus to this so the administration can better understand our concerns. I deeply appreciate their sending people of such distinction as you to help us in this effort, communicating with us quite freely and openly. Again, as I say, I know this President shares our concerns. His record has consistently been of that type.

We are concerned more about the evolving record here and the long-term policy implications of it. I did not wish to have monopolized the dialog here. If you have a parting comment or observation that you would like to make of any type, way, shape, or form, I would be delighted to have you make it now, and also again to reassure you that we shall keep the record open for any points of clarification that the administration would like to make, either through you or anyone else so that we can bring this to some sort of orderly conclusion and issue our report accordingly.

Mr. WOLFOWITZ. If I could just make a couple of closing comments: you have correctly, Senator, emphasized the importance of actions, and it is our actions in deciding on arms sales to Taiwan that have to be consistent with Taiwan's defense needs. And that requires a continuing process of close consultation with the Congress, and we will see that those needs are met.

And I think that is a good example of where it is actions in the end that will speak and define what the words mean, I think. And I believe, as we have said, that we can act consistently, carry out

our obligations under the law, consistent with the statements that we have made in the Communique, provided, as we have indicated in our understanding of the Communique, that China continues to follow a peaceful policy.

Let me also make a somewhat broader philosophical comment, if I might. I agree with you and I in fact indicated in my prepared statement that I think it is important that we not blind ourselves to the fact that there are very large differences between ourselves and China and particularly on fundamental questions of political values.

And I think I would also like to hasten to say, lest some people think that I make light of human rights concerns, I think that human rights concerns really need to be the foundation upon which our foreign policy rests. It is something that throughout history has distinguished the United States view of its interests from simple real political views of interest. Nevertheless, I do not believe that we should have no relations with the Government of El Salvador until they have a utopian democracy. I do not believe we should have no relations with the Government of South Korea until they have a utopian democracy. I believe that in fact our relations with countries conducted properly can—not necessarily be the decisive influence—but can be an influence in a constructive direction.

And I think often that requires that—not that we ignore the differences between us, but that we do observe some discretion in public criticism. And that is certainly particularly true with a close ally like South Korea. I think to some extent it applies to every country with whom we have important, constructive business to do.

You have said a great many other things, but I do not think you just want to sit here and listen to me comment on them.

I appreciate the opportunity to testify here. As I say, I think the record that your subcommittee has prepared is a useful one, and it will guide not just this administration, but I think it has to guide future administrations as well.

[Statement of Mr. Wolfowitz follows:]

PREPARED STATEMENT OF PAUL WOLFOWITZ

Mr. Chairman, it is a privilege to testify before this committee, although it is somewhat intimidating to appear on a subject as abstruse as separation of powers. I am not a lawyer, much less a constitutional lawyer. Nor, I must confess, could I entirely follow the discussion between you and Legal Advisor Robinson on the relationship between law and policy, other than to note that you both seem to agree that issues of law and policy are, on occasion, intertwined.

On that basis, Mr. Chairman, I hope that I can be helpful on the policy matters that relate to your inquiry. I hope you will be understanding if I defer to previous testimony on legal issues. I seek only to fulfill the President's personal commitment to implement our policies -- including the Joint Communique -- in a manner fully consistent with U.S. law -- including the Taiwan Relations Act.

In your discussions last fall, you posed, perhaps rhetorically, the hope that the State Department would clarify beyond question whatever misunderstandings have come out of the communique, and that there would be no need to have any more hearings, because the Department agrees that the Taiwan Relations Act stands categorically as the law of the land.

But neither of these documents is self-executing. Without our vital and continuing commitment, neither document alone would assure the well-being of our friends on Taiwan. So while as a witness I might be glad to see an end to hearings such as this, as a citizen, I welcome them.

You expressed in last fall's hearings your fear that Congress, which had asserted its voice in the Taiwan Relations Act, might be deprived of its policy making function. Clearly, this is not and will not be the case. I say this confidently not because I understand the legal impediments, but because I

understand the Congress' desire to assure the well-being of the people of Taiwan expressed in the Act to be reflected fully in the President's own wishes.

On the very day of issuing the Communique, President Reagan spoke of his vital and continuing personal commitment to the people of Taiwan.

> "In working toward this successful outcome we have paid particular attention to the needs and interests of the people of Taiwan. My long-standing personal friendship and deep concern for their well-being is steadfast and unchanged. I am committed to maintaining the full range of contacts between the people of the United States and the people of Taiwan -- cultural, commercial, and people-to-people contacts -- which are compatible with our unofficial relationship. Such contacts will continue to grow and prosper and will be conducted with the dignity and honor befitting old friends."

The President was no less forceful on the issue of arms sales, which I understand to be of keen concern to this committee. With his next breath, the President went on to say,

> "Regarding future U.S. arms sales to Taiwan, our policy, set forth clearly in the communique, is fully consistent with the Taiwan Relations Act. Arms sales will continue in accordance with the act and with the full expectation that the approach of the Chinese Government to the resolution of the Taiwan issue will continue to be peaceful."

That is the metal that underlies the Act and the Communique. It is our joint job -- Congress' and the

Executive Branch -- to see that we fulfill the Communique and the Taiwan Relations Act in a manner that meets all of our policy goals and all of our solemn commitments.

Some of those policy goals and commitments extend as well to the government of one billion Chinese on the mainland. As President Reagan said in the same statement,

"Building a strong and lasting relationship with China has been an important foreign policy goal for four consecutive American administrations. Such a relationship is vital to our long-term national security interests and contributes to stability in East Asia. It is in the national interest of the United States that this important strategic relationship be advanced. This Communique will make that possible, consistent with our obligations to the people of Taiwan."

At the time of our Normalization Agreement with China, it was clearly understood that we would maintain commercial, cultural, and other contacts with the people of Taiwan on an unofficial basis. Both sides, reflecting the importance they placed on good relations and their confidence in the relationship's evolution and progress, chose to move ahead with normalization despite the fact that not all differences had been resolved. Indeed, very far from it.

Among the differences left unresolved at normalization was the question of arms sales to Taiwan. In the August 17 Joint Communique of last year, we addressed this difficult matter. The Communique, which was the result of ten months of negotiations, does not settle the issue but does provide a framework for managing our differences with the Chinese over a matter of great sensitivity to us both. I believe it also promotes the prospects for peaceful resolution of the Taiwan issue, which is our fundamental abiding interest.

The formula agreed to in the Joint Communique is, as the President has stated, entirely consistent with our principles, our interests, and with our domestic legislation. The Chinese

reiterated their "fundamental" policy to strive for a peaceful solution to the Taiwan question. The President recognizes the relationship between Taiwan's defense needs and China's peaceful policy, and, in this context, clarified our view of the defensive arms that Taiwan would need. As the President made clear, "our future actions will be conducted with this peaceful policy fully in mind." Neither the administration nor the Taiwan Relations Act seeks to sell arms merely to sell arms. Rather both are concerned with meeting Taiwan's legitimate defensive needs.

It is well known that during the negotiations leading to the Communique, the Chinese sought U. S. agreement to set a date certain for ending arms sales to Taiwan. Negotiations were tough, but the U. S. refused to set a date certain. Not only did we do that, we refused to commit ourselves to an ultimate termination of sales. My predecessor, Assistant Secretary Holdridge testified before the Senate Foreign Relations Committee on the day the communique was issued, "We refused because the level of our arms sales must be determined by the needs of Taiwan, and we could not agree to a termination date as the Chinese demanded which might impair our ability to meet those needs." That is also part of the record that accompanies the Communique.

The standard for judging the flow of military equipment to Taiwan under the TRA is Taiwan's defense needs. We met the standard before the Communique; we must and shall continue to meet that standard.

It is important to bear in mind some things that we did <u>not</u> agree to do in the Communique. We have not agreed to consult in advance with the PRC on arms sales to Taiwan, nor shall we do so. We have not changed our position that the Taiwan question is a matter for the Chinese on both sides of the Strait to resolve, and that we will not interfere in this

matter, or pressure Taiwan to enter negotiations. We have not changed our longstanding position on the issue of sovereignty over Taiwan. We do not seek any of these changes, nor would we seek to change the Taiwan Relations Act itself.

Just as this administration intends to comply with the Taiwan Relations Act, it intends to comply with the policies expressed in the August 17 Communique, as well as the other communiques negotiated by previous Administrations. We fully expect the Chinese to do the same.
That is the key, I believe, to managing effectively our still large differences over Taiwan. Indeed, in the eleven years since we negotiated the Shanghai Communique, the situation in the Taiwan Strait has been peaceful and the people of Taiwan have prospered.

It is, of course, natural and prudent to peer into the uncertainties of the future. There are, I believe, important strategic and political reasons for China to continue to adhere to its policies articulated in the Communique, and that consequently bear upon the threat to Taiwan and Taiwan's defense needs. The Chinese perceive the Soviets to be their principal security threat. China's relationship with the U.S. is important to us, but it is equally important to China for what it can contribute to China's security and progress. To abandon a peaceful approach would be of grave concern to the U.S. and would certainly jeopardize future relations with us; it would also jeopardize China's effort to build peaceful and constructive relations with its neighbors in Asia. These concerns, on top of Taiwan's own current and, let me emphasize, future capabilities to resist efforts to resolve its future by anything other than peaceful means, give us reason to expect that China will continue to ensure a peaceful policy.

We too wish to preserve the meaningful and substantial benefits derived from a decade of improving relations with

China. We all no doubt well remember the state of US-China relations in the more than two decades preceding the issuance of the Shanghai Communique. Our rapprochement in the last decade has changed the global balance of forces and has brought tremendous benefits to all U.S. friends and allies, particularly in Asia.

Today, the United States and China have no need to plan for a Sino-American war contingency. Instead, we have an acknowledged common interest in maintaining peace and stability in Asia and in containing Vietnamese aggression in Southeast Asia. We have a common front in resisting Soviet aggression in Afghanistan, and we are able to consult with China on numerous international issues of common concern.

As US-China relations have improved, a more stable East Asian situation has evolved in which most nations have constructive relations with Beijing. This allows our friends and allies in the region, as well as the Chinese, to concentrate their efforts on economic progress to the benefit of all. No region in the world has made more significant advances in the past few years than East Asia.

From a trade perspective, China has emerged as an important market for our industrial goods and is now the fifth largest customer for our agricultural exports. Two-way trade exceeds $5 billion annually. China is generally being woven into the international economic system with important potential rewards for all the free market economies as well as for China itself.

From the standpoint of opening channels of exchange and communication, nearly 10,000 Chinese are studying at American universities, and the Chinese have recently announced plans to send an additional 25,000 for overseas training; Chinese delegations are visiting the U.S. at a rate of more than one-hundred a month; and some 100,000 Americans visited China last

year. The channels of communication are widening and producing an ever more sophisticated understanding of our respective very different societies.

None of this should imply that substantial obstacles will not remain. Our very success in expanding econmomic relations will bring complications. Increased contacts will, on occasion, lead to increased friction. It is inevitable, as relations mature and develop that the attendant bilateral problems grow progressively more complex. This is true for any two countries, but it is especially true for two countries which maintain such fundamentally different systems.

I do not seek to gloss over those differences. We should not allow our considerable respect for many of China's achievements and our desire for increasingly close ties to obscure our different views. At the same time, I do not think we should seek to emphasize our differences but should rather work as much as possible to increase the considerable benefits that a growing relationship can bring.

Despite our problems, the relationship with China is important enough to us -- and it seems also to the Chinese -- that we will endeavor to manage our differences, including those over Taiwan, in a way that maintains the focus on our strong interests in bilateral and international cooperation and preserves the gains I referred to previously. To do so is to contribute significantly to the interests of our friends and allies in East Asia, and to the cause of peace in the region, including the security and prosperity of the people of Taiwan.

Senator EAST. I appreciate your statement, Mr. Secretary, and again I wish to thank you for coming and helping us by devoting your valuable time to this matter. I have no further comment, and if you do not, we shall, since you and I are the two principals involved here this morning, stand adjourned.

[Thereupon, at 11:20 a.m., the subcommittee was adjourned.]

APPENDIX

ADDITIONAL SUBMISSIONS FOR THE RECORD

I. RECENT INTERPRETATIONS OF JOINT COMMUNIQUE

[From Department of State Press Release]

No. 54
February 18, 1983

SPEECH AND Q&A SESSION
BY
THE HONORABLE GEORGE P. SHULTZ
SECRETARY OF STATE
AT THE
CONSERVATIVE POLITICAL ACTION CONFERENCE
WASHINGTON, D.C.
FRIDAY, FEBRUARY 18, 1983

QUESTION: Mr. Secretary, I'm from Phoenix, Arizona, the only state to defeat the nuclear freeze. (Applause)

In light of that, I'd like to ask two questions. First of all, could you comment, please, on the reported attempts of the Administration to suppress the investigation of the Italian Government that the Pope's attempted assassination was in fact headed up by the present Premiere of the Soviet Union, Yuri Andropov, who at that time was head of the KGB in which nothing happens of that sort until they get the okay from the head of the KGB; and, if this were the case, it would be tremendous in opposing the present-day nuclear freeze.

The second question: Would you please comment on the Administration's attempt at the so-called playing of the China card and the selling of Taiwan in general and the lack of selling the F-5C Tiger Shark in particular to Taiwan to defend her country?

(Applause)

SECRETARY SHULTZ: I can see that in addition to defeating the nuclear freeze, you're really loaded. (Laughter)

I don't know of any effort on the part of the United States Government to suppress the investigation of the attempted assassination of the Pope. Quite the contrary. That investigation is being carried on by the Government of Italy. We await the results of what the Italian Government comes up with. We regard it as a most serious matter, and look to the Government of Italy to conduct that. We're not trying to discourage them in any way at all or suppress any evidence whatever. (Applause)

As far as the relationship of the United States and the

People's Republic of China is concerned, I believe that it is important for us to have a reasonable relationship with the country. It's a vast country. It's an important country. It's going to develop -- develop very strongly, I'm sure.

The issue of Taiwan is one of the issues that is very troublesome with respect to that relationship. On the one hand, the Chinese on Taiwan and the Chinese on the Mainland both agree that Taiwan is part of China. We say, "Well, that's their problem to work that out." But people on Taiwan have been friends of the United States for a long while. They've fought on our side in Korea. They fought on our side in Vietnam. They have constructed a very interesting and strong economy and society.

We're not going to turn our backs on them, by which we mean that we will have commercial and cultural relations with the people on Taiwan, and we stand for the idea that whatever composure of the issues comes about, it must be by peaceful means.

Therefore, as specified in the Taiwan Relations Act, we'll sell the armaments to Taiwan needed to uphold that idea. (Applause)

I think what is said in the communique simply describes that following the statement made on the Chinese side that the situation is peaceful but the level of arms needed basically is a reflection of the conditions that exist. If there is a peaceful situation, one could expect the level of armaments to decline, but that doesn't change our commitment that any resolution of the issues would be by peaceful means.

This is one of the issues that makes our relationship with the People's Republic of China difficult to achieve -- one kind of relationship we want. It's a hard issue to manage, but I believe that we can do so and do so with honor to our commitments to longstanding friends and with a sense of reason and good sense about the importance of a relationship with the People's Republic of China.

[From Human Events, Feb. 26, 1983]

INTERVIEW WITH PRESIDENT REAGAN

Q. I've got to ask you a question on the Taiwan issue, since, as you know, this subject concerns us greatly. During your 1980 campaign, you said you would do things differently from the Carter Administration when it came to dealing with Taiwan. A lot of people, however, think things seem to be the same and sometimes they think it's even a bit worse.

In the U.S.-Mainland China communique, we pledged not to upgrade Taiwan's military status, and "to reduce gradually" our sale of arms to Taiwan. In 1980, you said, "It was absurd and not required" by the Taiwan Relations Act that our representatives are not permitted to meet with Taiwan officials in their offices and ours. And I was over there last year and that was still the case.

But I want to specifically ask you this: If Communist China begins to upgrade its military in a way that it becomes a *de facto* threat to Taiwan, even though the Mainland issues no menacing statement at all, would you or your successor feel obligated to upgrade Taiwan's military capability?

A. I think all of this is covered in the Taiwan Relations Act. When I said those things in the campaign, I knew that the Act was there and wasn't being lived up to. But we intend to live up to the Act.

Now, our communique is a very carefully worked out deal and we did not give an inch. In that communique, the People's Republic has agreed that they are going to try and peacefully resolve the Taiwanese issue. We, in turn, linked our statement about weaponry to that and said that if they make progress and do, indeed, peacefully work out a solution agreeable to both sides, then, obviously, there would no longer be any need for arms. And all the reference to reducing arms is tied to progress in that. We will abide by the Taiwan Relations Act, the law of this country, which says that we will help maintain Taiwan's defensive posture and capability.

Q. But what if there is, say, progress of a sort, mild progress of a sort, but the Mainland feels that it has a sovereign right to increase and modernize its military arsenal? What happens at that point to Taiwan? Do we still go along with the idea that their military cannot be upgraded?

A. No, we're doing all the things that we have always done. The shipments are regularly going on.

Q. But the Taiwanese are not getting anything that is more modern than they had before the communique. In other words, they're allowed the F-5E, but they can't get an F-5G or an F-16 because these planes are more modern than what they had at the time of the communique.

A. They were agreeable that it wasn't necessary. They're satisfied with what they're getting. Right now they're getting F-104s.

Q. But they're not considered as good as the F-5E. . . .

A. On the other hand, we are making progress in other areas that ensure the representatives and people of Taiwan are treated with the respect which the American people demand. But at the same time, I want to say I think it would be foolish of us not to go forward with trying to keep good relations with the People's Republic of China. Three previous Presidents felt it was important, and there remain solid reasons for doing so. But not at the expense of Taiwan. And we will carry out the terms of the Taiwan Relations Act.

If the day ever comes that those two find that they can get together and become one China, in a peaceful manner, then there wouldn't be any need for arms sales to Taiwan. And that's all that was meant in the communique. Nothing was meant beyond that. We're not going to say, "Well, just as time goes by, we're going to reduce the arms to them." No, we hope for a peaceful resolution of this issue.

Q. But the key point is, are we allowed to upgrade Taiwan's defenses, especially if the Mainland upgrades its defenses? The Taiwanese, I was told, are not even allowed to get certain defensive weapons from us because these defensive weapons hadn't gone to them prior to the issuance of the communique.

A. We're giving them what we mutually agree upon when their people come here and sit down and go over their defense needs, and, as the Taiwan Relations Act requires, we will continue to address their capabilities and their needs dependent on the situation in the region.

[From the Washington Post, Feb. 26. 1983]

'Serious Retrogression' by U.S. Hit

Peking Criticizes Reagan on Taiwan

By Don Oberdorfer
Washington Post Staff Writer

China's official news agency charged yesterday that recent remarks by President Reagan "totally disregarded" the main principles of last August's Sino-American accord on the Taiwan arms issue and represent "a serious retrogression" in the U.S. position.

The strongly worded commentary by Peking's New China News Agency was in response to statements by Reagan in an interview with Human Events, a conservative weekly, published a week ago.

Reagan said in the interview that the United States "did not give an inch" in the August joint communique, and he tended to minimize the U.S. commitment in the document "to reduce gradually its sale of arms to Taiwan, leading over a period of time to a final resolution."

The president's interview said that U.S. commitments about reducing arms to Taiwan are "tied to progress" in a peaceful resolution of the dispute between that island bastion and the mainland.

"If the day ever comes that those two find they can get together and become one China, in a peaceful manner, then there wouldn't be any need for arms sales to Taiwan. That's all that was meant in the communique. Nothing was meant beyond that," he was quoted as saying.

Peking has never accepted the U.S. view that a continuation of China's peaceful policies toward Taiwan is a condition of the promised reduction in arms sales. In view of the disagreement, the U.S. position on this point has usually been stated in oblique and nuanced fashion, rather than in the explicit terms used by Reagan.

Yesterday's NCNA commentary called such U.S. conditions "sheer interference in China's internal affairs." Reagan's remarks "fundamentally ran counter to the spirit of the August communique," the news agency charged.

While Peking rejects any conditions on the U.S. promise, Taiwan's representatives in Washington have expressed the view that there are two U.S. conditions on the reduction in arms sales: continued peaceful policies in Peking and no change in the military deployments on the Chinese mainland near Taiwan.

According to diplomatic sources, the strategy of Taiwan is to let the controversy over the arms sales die down and then appeal to Washington for a new high-performance fighter plane on grounds that it is needed to protect the island not so much against mainland China but against the Soviet Union's increasingly visible military forces in and around the Taiwan straits.

The United States promised in the August communique not to exceed either in quality or quantity the level of previous arms sales to Taiwan. However, Taiwan's representatives argue that any qualitative and quantitative ceiling should not be static but should be adjusted over time in keeping with improvements in technology and changes in price levels.

The Reagan administration has not disclosed how it will calculate the promised ceilings.

In a symbolic display of his regard for Taiwan, Reagan had a social conversation a week ago with Frederick Chien, the new chief representative of Taiwan in Washington, during a reception for about 60 couples in connection with the Conservative Political Action Forum at the Sheraton Washington Hotel.

Chien's predecessor in Washington, Dr. Tsai Wei-ping, met Reagan on the same occasion in previous years, according to diplomatic sources. But this was before last August's Sino-American communique, which was intended to settle the controversies about Taiwan between Washington and Peking.

[From the Washington Post, Feb. 27, 1983]

China 'Retrogression' Charge Denied by State Department

The State Department denied yesterday that recent remarks by President Reagan represent "a serious retrogression" in the U.S. attitude toward last August's Sino-American communique.

Voicing the State Department's response to charges by Peking's New China News Agency, spokesman Susan Pittman said that "the president wants a strong and stable relationship with China and has consistently stated we will abide fully by the provisions" of the August communique and other Sino-American joint statements. Referring to Chinese denials of a link between a peaceful Peking policy toward Taiwan and reductions in U.S. arms sales to Taiwan, Pittman said that the U.S. commitment must be viewed "in the context of the entire communique," which includes both elements.

[From the Washington Post, March 2, 1983]

Chinese Assert Reagan Distorts Accord on Taiwan

By Michael Weisskopf
Washington Post Foreign Service

PEKING, March 1—China's Foreign Ministry spokesman charged today that recently published remarks by President Reagan in a conservative magazine "gravely distorted" the principles of the Sino-American accord on Taiwan arms sales.

Meanwhile, U.S. Embassy officials said Ambassador Arthur Hummel Jr. had been summoned to the Foreign Ministry last Saturday and remonstrated for Reagan's comments linking reduced U.S. arms sales to Peking's progress in peacefully reunifying Taiwan.

Ministry spokesman Qi Huaiyuan became the first Chinese official publicly to criticize Reagan for his remarks to Human Events magazine..

"If China's peaceful solution of the Taiwan question is taken as a prerequisite for the reduction and cessation of U.S. arms sales to Taiwan," Qi said at a news briefing, "it amounts to recognition of the U.S. right to interfere in China's internal affairs indefinitely."

Reagan told Human Events that the United States "did not give an inch" in signing a joint communique with China last August in which Washington promised to phase out arms sales to Taiwan and Peking pledged to use peaceful means to reunify the island that it considers a breakaway province.

Underlining Peking's commitment in his interview, Reagan said that if China "does indeed work out a solution agreeable to both sides, then, obviously there would no longer be any need for arms."

In the meantime, he said, the U.S. will continue to arm the nationalist stronghold according to its defense needs.

The communique that took 10 months to draft has been the source of controversy almost from the day it was issued. Cast in ambiguous language, it has been subject to varying interpretations.

"The question of Taiwan is China's internal affair," Qi told reporters today. "China brooks no foreign interference in how it solves the Taiwan question so as to achieve the reunification of the motherland."

Meanwhile, U.S. diplomats said that essentially the same arguments were presented to Hummel last Saturday. A senior Chinese Foreign Ministry official is said to have read him a "verbal representation," which is consideed less severe than a diplomatic protest.

On the same day Hummel was called in, the official New China News Agency accused Reagan of "taking a grave step backward" from the August agreement that Peking had hoped would "help lift the dark cloud over Sino-American relations."

II. ARMS SALES TO TAIWAN

[From the Washington Post, March 22, 1983]

U.S. Arms Sales to Taiwan Being Indexed for Inflation

By Don Oberdorfer
Washington Post Staff Writer

Riddle: what goes up while it goes down?

Answer, as supplied yesterday by the State Department after a protest from Peking: U.S. arms sales to Taiwan.

The reason for the discrepancy, as explained by State Department spokesman Alan Romberg, is that the Reagan administration has applied indexing to its Taiwan arms sales to account for inflation.

In a joint U.S.-China communique intended to settle differences on this contentious question, Washington agreed last Aug. 17 that its arms sales to Taiwan would not exceed "the level of those supplied in recent years" either in quality or quantity. Instead, the United States promised to "reduce gradually" the level of its sales, "leading over a period of time to a final resolution."

Since the signing of the communique, U.S. officials have refused steadfastly to specify ceilings they planned to apply to arms sales to Taiwan. But early this month they were required by law to submit projections to Congress covering sales for the next two years.

According to that "congressional presentation document," the United States expects in fiscal 1983 to sign contracts with Taiwan for $700 million in arms or military services while $100 million in other commercial arms is exported.

In the following year, fiscal 1984, the arms supply level is expected to drop slightly to $780 million worth, the document said.

These figures are well above the $600 million total transactions for fiscal 1982 and far above the unusually low level of $295 million recorded in fiscal 1981.

On hearing of the new projections, the Chinese Foreign Ministry lodged a protest with U.S. Ambassador Arthur W. Hummel Jr. last Thursday. Yesterday, Chinese officials made their displeasure public in a Foreign Ministry statement charging that the planned U.S. arms sales level "greatly exceeds" the level of recent years and violates last August's communique.

Romberg, in reply, said the new projections are "fully consistent" with U.S. promises. To illustrate, he reached back to fiscal year 1979, when U.S. arms sales to Taiwan were $598 million, and said that would be equivalent to $830 million in current, inflated dollars.

The State Department also seemed to open the possibility of even higher levels by saying that "although there may be occasional fluctuations," a downward trend will be apparent over time.

Another explanation offered by the State Department was that U.S. arms sales to Taiwan were held to "extremely low levels" in fiscal 1982, while last August's communique was under negotiation.

While the long-running Sino-American dispute emerged anew, Chinese and Soviet officials were meeting in Moscow to discuss improvements in relations.

A new and unwelcome factor in the Taiwan tangle, as seen by Peking, was the recent introduction by prominent U.S. lawmakers of resolutions calling for settlement of Taiwan's future to be "acceptable to the people of Taiwan."

Two of the resolution's sponsors, Sens. Claiborne Pell (D-R.I.) and John Glenn (D-Ohio), said they had in mind the 16 million native-born Taiwanese rather than the 2 million Chinese who fled the mainland with Chiang Kai-shek in 1949 and who hold most of the power on Taiwan today.

A commentary last week in Peoples Daily, the newspaper of the Chinese Communist Party, called the resolution "crude interference in China's internal affairs."

[From Foreign Broadcast Information Service]

FBIS 64 (SEE 62)

PREMIER ZHAO ZIYANG 'NOT SATISFIED' WITH PRC-U.S. RELATIONS

OW142106 HONG KONG AFP IN ENGLISH 1831 GMT 14 MAR 83

(TEXT) BEIJING, MARCH 14 (AFP) -- CHINESE PREMIER ZHAO ZIYANG SAID TODAY THAT HE HAD NO PLANS TO VISIT THE UNITED STATES THIS YEAR.

AUSTRALIAN SOURCES SAID MR. ZHAO MADE THE COMMENTS DURING A MEETING WITH RANALD MACDONALD, PUBLISHER OF THE AUSTRALIAN NEWSPAPER, THE AGE. MR. ZHAO SAID "THE MAJOR OBSTACLE" IN SINO-U.S. RELATIONS REMAINED THE THORNY ISSUE OF U.S. DEFENSE AID TO TAIWAN.

LAST MONTH VISITING U.S. SECRETARY OF STATE GEORGE SHULTZ BROUGHT MR. ZHAO AN INVITATION FROM PRESIDENT RONALD REAGAN AND THE PRINCIPLE OF SUCH A VISIT WAS ACCEPTED BY THE CHINESE LEADER. THERE WERE RUMOURS THAT THE CHINESE PREMIER WOULD VISIT THE UNITED STATES THIS YEAR. BUT DURING MR. SHULTZ'S STAY IN BEIJING MR. ZHAO AT A PRESS CONFERENCE APPEARED TO RULE OUT SUCH A VISIT SO LONG AS OBSTACLES TO CHINESE-U.S. RELATIONS REAMINED UNSOLVED.

AUSTRALIAN SOURCES TODAY SAID MR. ZHAO TOLD MR. MACDONALD THAT THE TIMING OF HIS U.S. VISIT WOULD BE A MATTER FOR DIPLOMATIC NEGOTIATION.

THE CHINESE PREMIER SAID THAT HE WAS "NOT SATISFIED" WITH THE PRESENT STATE OF SINO-U.S. RELATIONS.

14 MAR 2146Z BB/MJ

FBIS 19

PRC: COMMENTARY ON 'SETBACKS' IN SINO-AMERICAN TIES

OW151019 BEIJING IN MANDARIN TO TAIWAN 1500 GMT 14 MAR 83

("COMMENTARY" BY BEIJING BROADCASTING STATION COMMENTATOR (MEI DA) ON U.S. SECRETARY OF STATE GEORGE SHULTZ' 5 MARCH STATEMENT: "WHENCE THE SETBACKS?")

(TEXT) REFERRING TO THE SINO-AMERICAN RELATIONS, SHULTZ SAID: PROBLEMS AND SETBACKS OCCURRING IN THE RELATIONS BETWEEN THE TWO COUNTRIES ARE UNAVOIDABLE. HE HELD THAT THIS IS NOT ONLY BECAUSE CHINA AND THE UNITED STATES HAVE DIFFERENCES OVER THE TAIWAN QUESTION BUT ALSO BECAUSE THE SYSTEMS IN OUR TWO COUNTRIES ARE DIFFERENT.

COMMENTATOR (MEI DA'S) ARTICLE SAYS: THE CAUSES FOR THE SHADOW OVER THE SINO-AMERICAN RELATIONS LIE ON THE U.S. SIDE. SINCE THE ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN CHINA AND THE UNITED STATES IN 1979 (AS HEARD), THE UNITED STATES HAS, ON THE ONE HAND, RECOGNIZED THAT THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IS THE SOZE LEGITIMATE GOVERNMENT OF CHINA, THERE IS ONLY ONE CHINA IN THE WORLD AND TAIWAN IS A PART OF CHINA. ON THE OTHER HAND, HOWEVER, THE UNITED STATES ADOPTED THE TAIWAN RELATIONS ACT RUNNING COUNTER TO THE PRINCIPLES SET FORTH IN THE COMMUNIQUE ON THE ESTABLISHMENT OF DIPLOMATIC RELATIONS BETWEEN THE TWO COUNTRIES AND HAS SINCE CONTINUED TO SELL ARMS TO TAIWAN. THUS, THE UNITED STATES HAS INFRINGED ON CHINA'S SOVEREIGNTY AND INTERFERED IN ITS INTERNAL AFFAIRS. AFTER 1 YEAR'S NEGOTIATIONS, THE GOVERNMENTS OF CHINA AND THE UNITED STATES ISSUED A JOINT STATEMENT (AS HEARD) IN AUGUST 1982. ON THE ISSUE OF THE U.S. ARMS SALES TO TAIWAN, THE JOINT STATEMENT PROVIDES FOR SETTLING THE ISSUE STEP BY STEP AND FOR ITS EVENTUAL THOROUGH SETTLEMENT. HOWEVER, NOT LONG AFTER THE ISSUANCE OF THIS JOINT COMMUNIQUE, THE UNITED STATES SOLD ANOTHER BATCH OF ARMS TO TAIWAN.

SOME PROMINENT FIGURES IN THE UNITED STATES HAVE CONTINUOUSLY MADE STATEMENTS DEVIATING FROM THE 17 AUGUST SINO-AMERICAN JOINT COMMUNIQUE. IN HIS STATEMENT TO A HUMAN EVENTS WEEKLY REPORTER LAST MONTH, PRESIDENT REAGAN OBSTINATELY LINKED THE ISSUE OF CEASING OR REDUCING ARMS SALES TO TAIWAN TO CHINA'S POLICY ON PEACEFUL REUNIFICATION BY DECLARING ONCE AGAIN THAT REDUCING ARMS SUPPLIES SHOULD BE CONDITIONED BY THE PROGRESS TO BE MADE IN THE PEACEFUL SOLUTION OF THE TAIWAN QUESTION. HOWEVER, HE AVOIDED MENTIONING ANY BASIC PROVISIONS OF THE COMMUNIQUE, SUCH AS: THE UNITED STATES RECOGNIZING THE GOVERNMENT OF THE PEOPLE'S REPUBZIC OF CHINA AS THE SOLE LEGITIMATE GOVERNMENT (OF CHINA -- FBIS), MUTUAL RESPECT FOR EACH OTHER'S SOVEREIGNTY AND TERRITORIAL INTEGRITY AND NONINTERFERENCE IN EACH OTHER'S INTERNAL AFFAIRS BEING THE BASIC PRINCIPLES GUIDING THE SINO-AMERICAN RELATIONS. THE TAIWAN QUESTION BEING CHINA'S INTERNAL AFFAIR, AND SO ON AND SO FORTH. THUS, THE UNITED STATES HAS GONE FAR BACKWARD FROM ITS ORIGINAL POSITION.

IT IS OBVIOUS THAT CLOUDS HAVE BEEN HANGING OVER THE SINO-AMERICAN RELATIONS TIME AND AGAIN NOT BECAUSE THE SYSTEMS IN THE TWO COUNTRIES ARE DIFFERENT. THE ROOT CAUSE IS THAT A HORDE OF FORCES IN THE UNITED STATES STILL CLINGS TO THE DULLES DOCTRINE, CONTINUES TO REGARD TAIWAN AS AN UNSINKABLE AIRCRAFT CARRIER OF THE UNITED STATES, DOES NOT TAKE CHINA'S SOVEREIGNTY INTO ACCOUNT AT ALL, WANTONLY INTERFERES IN CHINA'S INTERNAL AFFAIRS AND WANTS TO IMPOSE U.S. POLICY ON CHINA. THE ABOVE SIGNS ARE PRECISELY CAUSED BY THESE IDEAS THAT RUN COUNTER TO WORLD TRENDS.

15 MAR 1138Z PFH/BB

TM
FBIS 10

PRC CHARGES U.S. VIOLATED SINO-U.S. COMMUNIQUE

OW210820 HONG KONG AFP IN ENGLISH 0750 GMT 21 MAR 83

(EXCERPT) BEIJING, MARCH 21 (AFP) -- CHINA CHARGED TODAY THAT THE UNITED STATES WAS VIOLATING LAST YEAR'S JOINT SINO-U.S. COMMUNIQUE BY ITS RECENTLY PLANNED ARMS SALES INCREASE TO TAIWAN FOR FISCAL YEARS 1983 AND 1984. THE CHARGE, COMING FROM THE FOREIGN MINISTRY'S INFORMATION DEPARTMENT, FOLLOWS LAST WEEK'S FORMAL CHINESE PROTEST TO THE UNITED STATES WHEN THE CEILINGS FOR ARMS SALES TO TAIWAN WERE ANNOUNCED. THESE CEILINGS WERE SET AT 800 MILLION DOLLARS (WORDS INDISTINCT) MILLION DOLLARS FOR 1984.

THE PLANNED MILITARY AID FOR THE KUOMINTANG REGIME ON THE ISLAND OF TAIWAN OVER WHICH CHINA CLAIMS SOVEREIGNTY "GREATLY EXCEEDS THE LEVEL OF U.S. ARMS SALES TO TAIWAN IN THE RECENT YEARS SINCE THE ESTABLISHMENT OF SINO-U.S. DIPLOMATIC RELATIONS, AND VIOLATES THE STIPULATIONS OF THE AUGUST 17 COMMUNIQUE," THE MINISTRY SAID. "WE HAVE MADE REPRESENTATIONS WITH THE U.S. GOVERNMENT IN THIS REGARD," THE INFORMATION DEPARTMENT ADDED.

21 MAR 0908Z PLS/BB

FBIS 10

(MONITORED PRC MEDIA HAVE NOT BEEN OBSERVED TO REPORT THIS ITEM)

AFP: PRC PROTESTS 'RISING' U.S. ARMS SALES TO TAIWAN

OE180925 HONG KONG AFP IN ENGLISH 0854 GMT 18 MAR 83

(EXCERPT) BEIJING, MARCH 18 (AFP) -- CHINA HAS PROTESTED TO THE UNITED STATES OVER ITS RISING ARMS SALES TO TAIWAN FOR (?THE) FISCAL YEARS 1983 AND 1984, A RELIABLE SOURCE SAID HERE TODAY.

THE CHINESE PROTEST WAS MADE HERE YESTERDAY, THE SOURCE SAID.

THE PLANNED INCREASES IN U.S. ARMS SALES TO THE NATIONALIST-RULED

ISLAND, WHICH CHINA CLAIMS, ARE WORTH 800 MILLION DOLLARS IN 1983 AND 780 MILLION FOR 1984, ACCORDING TO FIGURES PUBLISHED IN WASHINGTON RECENTLY.

A U.S. EMBASSY SPOKESMAN, QUESTIONED ON THE CHINESE PROTEST, DID NOT CONFIRM IT AND REFUSED TO MAKE ANY COMMENT.

THERE WAS NO IMMEDIATE COMMENT FROM THE CHINESE SIDE.

18 MAR 1029Z PFN/LJ

FBIS 12 (SEE 19 OF 15 MAR)

BEIJING RADIO VIEWS SHULTZ REMARKS ON SINO-U.S. TIES

OW181055 BEIJING IN ENGLISH TO NORTH AMERICA 0000 GMT 18 MAR 83

((WU TINGCHANG) COMMENTARY)

(TEXT) AMERICAN SECRETARY OF STATE GEORGE SHULTZ HAS BEEN TALKING ABOUT U.S.-CHINESE RELATIONS. IN A SPEECH TO THE WORLD AFFAIRS COUNCIL OF SAN FRANCISCO, HE SAID THAT FRUSTRATIONS AND PROBLEMS WERE UNAVOIDABLE. THEY WOULD ARISE NOT ONLY OUT OF DIFFERENCES OVER TAIWAN, BUT ALSO OUT OF THE DIFFERENT SOCIAL SYSTEMS OF THE TWO COUNTRIES. WITH A COMMENTARY ON THESE REMARKS, HERE IS (WU TINGCHANG).

WHY IS IT THAT THE DIFFERENT SYSTEMS SHOULD CAUSE FRUSTRATIONS BETWEEN BEIJING AND WASHINGTON? CHINA HAS DIPLOMATIC RELATIONS WITH MORE THAN 100 COUNTRIES, MOST OF WHICH OPERATE SYSTEMS DIFFERENT FROM OUR OWN. BUT CHINA HAS MAINTAINED GOOD RELATIONS WITH A GREAT NUMBER OF COUNTRIES INCLUDING MANY WESTERN ONES. THE DEVELOPMENT OF SUCH RELATIONS DEPENDS ON THE WILLINGNESS OF BOTH SIDES TO SEE THE TIES DEVELOP. CHINA HAS BEEN ESTABLISHING GOOD RELATIONS WITH VARIOUS COUNTRIES UNDER THE FIVE GUIDING PRINCIPLES OF MUTUAL RESPECT FOR SOVEREIGNTY AND TERRITORIAL INTEGRITY, MUTUAL NONAGGRESSION, MUTUAL NONINTERFERENCE IN EACH OTHER'S INTERNAL AFFAIRS, EQUALITY AND MUTUAL BENEFIT AND PEACEFUL COEXISTENCE. FACTS HAVE SHOWN THAT DIFFERENCES IN SOCIAL SYSTEMS DO NOT AND WILL NOT CONSTITUTE OBSTACLES IN CHINA'S RELATIONS WITH OTHER COUNTRIES.

SO HOW IS FRUSTRATION IN SINO-U.S. RELATIONS TO BE EXPLAINED? THE REASONS LIE IN THE UNITED STATES. SINCE THE TWO COUNTRIES ESTABLISHED DIPLOMATIC TIES IN 1979, THE UNITED STATES HAS RECOGNIZED THAT THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF CHINA IS THE SOLE LEGAL GOVERNMENT OF CHINA, THAT THERE IS ONLY ONE CHINA AND THAT TAIWAN IS PART OF CHINA. AT THE SAME TIME, HOWEVER, IT HAS PASSED THE TAIWAN RELATIONS ACT, WHICH RUNS COUNTER TO THE PRINCIPLES OF THE COMMUNIQUE CONCERNING THE ESTABLISHMENT OF DIPLOMATIC RELATIONS, AND HAS CONTINUED TO SELL ARMS TO TAIWAN. THIS CONSTITUTES AN ENCROACHMENT ON CHINA'S SOVEREIGNTY AND INTERFERENCE IN HER INTERNAL AFFAIRS.

LAST AUGUST, AFTER A YEAR OF NEGOTIATIONS, CHINA AND THE UNITED STATES ISSUED A JOINT COMMUNIQUE WHICH STIPULATES A STEP-BY-STEP SETTLEMENT OF THE TAIWAN ARMS SALES. HOWEVER, SOON AFTER THE COMMUNIQUE WAS PUBLISHED, THE UNITED STATES SOLD MORE ARMS TO TAIWAN. WHAT'S MORE, IT ALSO PLAYED TRICKS OVER OTHER ISSUES INCLUDING THE TEXTILE TRADE, THE TRANSFER OF TECHNOLOGY, THE EXCHANGE OF PERSONNEL, THE LEGITIMATE SEAT OF CHINA IN THE ASIAN DEVELOPMENT BANK AND THE SO-CALLED HUGUANG RAILWAY BEARER BONDS. THESE WERE ATTEMPTS TO CONTINUE TO PRESS THE SCHEME OF TWO CHINAS AND TO INTERFERE IN THE INTERNAL AFFAIRS OF CHINA. IN ADDITION, PRESIDENT REAGAN AND OTHER PROMINENT FIGURES LOST NO TIME IN MAKING REMARKS WHICH RAN COUNTER TO THE JOINT COMMUNIQUE.

THE DARK CLOUDS HANGING OVER SINO-U.S. RELATIONS ARE NOT THE RESULT OF THE DIFFERENT SOCIAL SYSTEMS OF THE TWO COUNTRIES. THE BLAME LIES WITH A PRESSURE GROUP IN THE UNITED STATES WHICH STILL REGARDS TAIWAN AS AN UNSINKABLE AIRCRAFT CARRIER, IS IGNORING THE SOVEREIGNTY OF CHINA AND IS RUTHLESSLY INTERFERING IN CHINA'S INTERNAL AFFAIRS. IT IS AN ATTEMPT TO IMPOSE U.S. POLICIES ON BEIJING. SUCH AN APPROACH IS INCOMPATIBLE WITH THE GENERAL VIEW OF THE PEOPLE OF THE UNITED STATES.

18 MAR 1228Z MCH/LJ

[From The Washington Post, March 30, 1983]

Taiwan Act Criticized

Zablocki Finds Chinese 'Steaming'

By Michael Weisskopf
Washington Post Foreign Service

PEKING, March 29—When the congressional father of the Taiwan Relations Act dined with Chinese hosts earlier this week, he recalled today in jest, "I wondered if I should've had a taster."

Just before the banquet, said U.S. Rep. Clement J. Zablocki (D-Wis.), who sponsored the 1979 act that Peking says violates its sovereignty, he had argued with a Chinese leader who was so agitated he "was sitting on the edge of his chair, steaming from the ears."

"So, after dinner, someone says, 'Clem, you ate the meal like it was your last,' " said Zablocki, who is chairman of the House Foreign Affairs Committee.

"I told him, 'I ate it like it *was* my last meal."

Zablocki is visiting China this week in a congressional delegation headed by House Speaker Thomas P. (Tip) O'Neill Jr. (D-Mass.). Although the group has heard Peking's usual list of complaints against the U.S. government, the objection that has come up most often is the law authored by Zablocki.

"When I get introduced to Chinese," said Zablocki, "they seem to be thinking, 'Oh, you're the guy. Come right on in, fella.' "

Passed after the Carter administration shifted U.S. recognition from Taipei to Peking, the congressional law obligates Washington to provide Taiwan with enough arms to guarantee its security.

The Communist government here says Taiwan is a runaway province and blames the United States for interfering in China's internal affairs with a law that treats Taiwan as an independent entity.

Zablocki, making his first trip to China since the act was enacted, said Chinese officials misunderstand its intent. He said Vice Chairman Peng Zhen of the national parliament angrily denounced the law for trying to turn Taiwan into "an unsinkable U.S. aircraft carrier."

"I told him he was misinterpeting the thing," said Zablocki, recalling the incident at a U.S. Embassy reception this evening. "I had a copy of the law in my pocket and read it to him. You think I'd come without it?"

The congressman said he explained how the United States hopes for an amicable solution to the Taiwan dispute and believes that arming Taipei's capitalist government helps guarantee that any reunification of the island with the mainland will be peaceful.

Zablocki was asked if Peng Zhen was moved by his argument.

"It just went over his head," replied the congressman.

Zablocki said his delegation, which met today with Premier Zhao Ziyang and Foreign Minister Wu Xueqian, repeatedly has been urged to repeal the controversial Taiwan Relations Act.

"We told them we didn't have the votes," he said.

Zhao told the congressmen China was dissatisfied with the state of Sino-American relations, maintaining they have failed to improve since the February visit of U.S. Secretary, of State George P. Shultz, according to the state-run New China News Agency.

"China will never place advancement of relations with a foreign country above the principle of safeguarding its national dignity, independence and sovereignty," he reportedly said.

Foreign Minister Wu complained about two obscure resolutions submitted to Congress calling for peaceful settlement of the Taiwan issue in a manner acceptable to the Taiwanese.

"We in China wonder why the U.S. Congress should discuss the future of this part of China," Wu was quoted as saying. "We have made representations with the U.S. government, and it is also our hope that U.S. congressmen would give it serious consideration."

Speaker O'Neill said he had never heard of the resolutions before arriving here with the delegation Sunday.

"I told them I thought they were making a lot about nothing," he said. "In our system, anyone has the right to make a resolution. It's an expression of their views and has no effect of law.

"The problem is the Chinese who are very naive about the operation of our government."

[From the Washington Post, March 31, 1983]

China Accuses U.S. Of 'Double-Dealing' On Taiwan Arms Issue

By Michael Weisskopf
Washington Post Foreign Service

PEKING, March 30—As U.S. congressional leaders wound up their talks here today, China launched its harshest criticism against the United States in months, charging it with "double-dealing" in supplying military equipment to Taiwan.

The official China Daily accused Washington of trying to "dictate the terms" of Taiwan's reunification with the Communist-ruled mainland despite earlier U.S. acknowledgements that the issue should be left to the Chinese to resolve.

"It is sheer mockery for the United States to profess interest in peaceful reunification of Taiwan while militarily supporting the Taiwan authorities' intransigence in holding on to the status quo," said the English-language newspaper.

Western diplomats said the attack—the sharpest since Peking and Washington signed an agreement in August aimed at defusing the Taiwan issue—apparently was timed to impress the congressional delegation headed by House Speaker Thomas P. (Tip) O'Neill, Jr.

O'Neill, speaking at an afternoon news conference, said the visiting group that includes two House committee chairmen was surprised by "the strong position the Chinese government took with regard to the Taiwan question."

"What is number one in one country is not number one in another country," said O'Neill. "On a scale of 1 to 35 in America, where would I place the Taiwan-Chinese situation? It would be hard for me to place it anywhere along the line."

If there was any question where Peking places the issue, China Daily answered it point-blank in its commentary today.

Although Washington formally shifted its recognition from Taipei to Peking in 1979 and acknowledged that the island is part of China, said the newspaper, U.S. officials still refer to Taiwan as an ally.

"What is this if not duplicity?" asked the commentary.

China Daily said "continued double-dealing" by Washington will further endanger Sino-American relations, which "are not what they should be for lack of fundamental trust."

The commentary recalled U.S. support for Nationalist Chinese forces before the Communist victory in 1949, blaming Washington for prolonging the civil war and causing more deaths and destruction than necessary.

Continued arms transfers to the Nationalists now ruling Taiwan have "delayed unification of the province with China against the will of the people on both sides of the Taiwan Strait," according to the newspaper.

Peking's criticisms have grown increasingly strident since the August communique in which Washington pledged to phase out arms sales to Taiwan and Peking promised to use peaceful methods of reincorporating the breakaway island.

Although the document was vaguely worded and open to varying interpretations, the Chinese leadership has been hostile to the Reagan administration's views of its obligations in the agreement.

President Reagan has assured Taiwan supporters by explicitly linking any cutoff in arms sales to peaceful reunification of the Nationalist stronghold with the mainland.

In meetings with congressmen this week, Chinese officials reportedly emphasized their position that U.S. military supplies make Taiwan's leaders more resistent to peaceful overtures.

Some of the sessions are said to have become heated when U.S. officials challenged the Chinese claim. Rep. Clement J. Zablocki (D-Wis.), chairman of the House Foreign Affairs Committee, said he told his hosts that U.S. arms sales help ensure peaceful reunification by deterring Peking's use of force.

The congressional delegation left today for sightseeing in other parts of China.

JOHN EAST
NORTH CAROLINA

United States Senate

WASHINGTON, D.C. 20510

January 11, 1983

The Honorable George P. Shultz
The Secretary of State
The Department of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Mr. Secretary:

It is my understanding that the Red Chinese have reiterated their desire to displace the Republic of China from membership in the Asian Development Bank.

As your department considers this important change, I would like to remind you that the Congress deliberated upon precisely this question of the membership of the Republic of China in international financial institutions in general and the Asian Development Bank in particular when Congress formulated United States policy toward Taiwan in the Taiwan Relations Act, P.L. 96-8, 22 U.S.C. 3301 et seq., and specifically Section Four, 22 U.S.C. 3303(d).

The remarks of Senator Dole during debate on the Act are significant:

> Another matter of relevance here is the already announced policy of Peking to try to expel Taiwan from the World Bank, the Asian Development Bank, and the International Monetary Fund. Given the size of the United States commitment to such entities, and given the degree of Taiwan's cooperation with and financial dependence on their services, such a move could prove very seriously damaging to the very well-being of the people on Taiwan which the bill is designed to protect. 125 Cong. Rec. S2489 (daily ed. March 12, 1979)(statement of Sen. Dole).

While the statute simply states, "Nothing in this Act may be construed as a basis for supporting the exclusion or expulsion of Taiwan from continued membership in any international financial institution or any other international organization" (22 U.S.C. 3303(d)), the instances of Senator Dole's unchallenged statement quoted above and the statement in the Act that "the Congress approves the continuation in force of all treaties and other international agreements, including multilateral conventions" entered into by the United States and the Republic of China prior to our normalization of relations with Red China (22 U.S.C. 3303(c)) both make clear that United States support for a move to

replace Taiwan with Red China in the Asian Development Bank would be inconsistent with the intent of Congress in enacting the Taiwan Relations Act.

Red China has already achieved two of its stated goals by replacing Taiwan in the World Bank and the IMF. As the United States continues to pursue a policy of promoting the interests of Red China at the expense of our long-time ally, the Republic of China, repeated reference is made to the remarkably strong performance of Taiwan's free enterprise economy as if this success justifies actions which can only work to undercut Taiwan in the long run. At present, however, the nations of the world are suffering the most serious economic trials since the Great Depression. If we support efforts to strip Taiwan of its membership in the Asian Development Bank, we will effectively cut Taiwan out of all of the major international financial institutions upon which it may rely for emergency aid. This would occur even while the Communist nations of Hungary, Romania, and Red China acquire the very membership denied to Taiwan. It seems incredible to me that this administration would do anything other than lead the effort to maintain Taiwan's membership in any or all of the multinational financial institutions that Taiwan believes would be beneficial to its continued development.

Therefore, in your considerations of the attempt of Red China to replace Taiwan in the Asian Development Bank, I urge you to pursue a policy that will be of positive assistance to the economy of Taiwan. I urge you to oppose the replacement of Taiwan by Red China in the Asian Development Bank.

With best personal regards,

Sincerely,

John P. East
United States Senator

United States Department of State

Washington, D.C. 20520

1983 JAN 31 AM 10:02

Dear Senator East:

I am responding to your letter of January 11 concerning the desire of the People's Republic of China to enter the Asian Development Bank (ADB) and its request that the representatives of Taiwan, which occupies a seat in the bank as the "Republic of China," be expelled as a condition of China's entry.

The Administration is aware of, and attuned to, the interest in maintaining Taiwan's membership in the ADB which has been expressed in Congressional legislation and resolutions. We are reviewing China's request and intend to

respond in a manner which is consistent with our recognition of the People's Republic of China. However, mindful of the sense of the Congress, our response will also endeavor to preserve a role for the people of Taiwan.

The final outcome cannot be predicted at this time. The decision will, of course, be subject to the views of other bank members as well as our own. We are in touch with the various parties concerned and will continue to work hard on this issue.

With cordial regards,

Sincerely,

Alvin Paul Drischler
Acting Assistant Secretary
for Congressional Relations

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

January 31, 1983

Dear Senator East:

I am responding to your letter of January 11, 1983 to Secretary Regan regarding the interest of the People's Republic of China (PRC) in Asian Development Bank (ADB) membership. As your letter illustrates, this development presents the United States with a number of complex and sensitive issues which must be reviewed in detail. The Treasury and State Departments are actively considering a position on this issue which is consistent with both the Taiwan Relations Act and the Asian Development Bank Act, as amended.

In your consideration of this issue, the following information may prove useful. Taiwan joined the ADB as a founding member in 1966. During the period 1967-1971, Taiwan received twelve ADB loans amounting to $100.4 million for which debt outstanding is $42.1 million. Taiwan has not borrowed from the ADB since 1971 and, given its relatively high per capita income, it is unlikely that Taiwan could be considered eligible for ADB lending in the future.

We are working closely with the State Department to resolve this issue satisfactorily in accordance with relevant legislation. Your comments are helpful to us in that process, and you may be sure we shall consider your views carefully.

Sincerely,

W. Dennis Thomas
Assistant Secretary
Legislative Affairs

United States Senate

COMMITTEE ON THE JUDICIARY
WASHINGTON, D.C. 20510

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February 8, 1983

The Honorable William P. Clark
Assistant to the President
for National Security Affairs
The White House
Washington, D.C. 20500

Dear Bill:

Thank you for your response to my letter of January 7, 1983, concerning the report of the FBI on Soviet Active Measures contained in the committee report of that title from the House Permanent Select Committee on Intelligence.

On an unrelated matter, I am enclosing a copy of the letter of January 31, 1983, from W. Dennis Thomas, Assistant Secretary of the Treasury for Legislative Affairs, concerning possible membership of Communist China in the Asian Development Bank (ADB).

It would appear from Mr. Thomas's letter that Taiwan is regarded as no longer eligible for loans from the ADB and that the Administration is favorably considering membership for Red China. While the intent and final policy decision of the Administration remains unclear, this is the impression that I have from Mr. Thomas's letter.

Taiwan, of course, is one of the most striking examples in the world of a successful and prospering free economy, while the economy of Communist China continues to decline. I find it highly ironic, if not actually contrary to our national interests, to forbid Taiwan any access to ADB loans while allowing such access to Communist China.

This prospect is especially alarming in the context of the growing Third World debt to the developed countries and their banks and in light of the financial and political crises that this debt may cause in the near future. To advance loans to Communist China at the very time that the harmful consequences of similar loans to countries in similar economic situations are coming to public attention strikes me as irresponsible.

It is my hope, therefore, that the Administration will not support Red China for membership in the ADB and that Red China will not be eligible for loans from this or other multilateral financial institutions with which the United States is affiliated.

With best personal regards, I am

Sincerely,

John P. East
United States Senator

THE WHITE HOUSE

WASHINGTON

83 MAR 30 P12:41

March 28, 1983

Dear Senator East:

Thank you for your letter of February 8 about the interest of the People's Republic of China (PRC) in joining the Asian Development Bank (ADB). The request is being reviewed in the Bank.

This request confronts the United States, and other ADB members, with a difficult and complex issue, somewhat different than the PRC's admission to the World Bank and the International Monetary Fund. The United States had not yet formulated a final position on the issue and it is being worked on by the Departments of State and Treasury.

I am asking the Department of State to reply directly to your letter in more detail. I can assure you, however, that in formulating a final United States position, Congressional views will be fully taken into account.

Sincerely,

William P. Clark

The Honorable John P. East
United States Senate
Washington, D. C. 20510

United States Department of State

Washington, D.C. 20520

APR 8 [illegible]

Dear Senator East:

I am responding to your letter of February 8 about the PRC's interest in joining the Asian Development Bank. The request is being reviewed in the Bank.

We have made clear to the parties involved our intention to act in a way which is consistent with our recognition of the People's Republic of China as the sole legal government of China. Indeed, in principle, we regard the PRC desire to participate in the Bank, a multilateral Western economic institution, as a constructive step. However, we have also made clear that the prospect of expulsion of Taiwan would cause great difficulties for continued U.S. support for the ADB.

You raised the specific question of borrowing by the PRC and Taiwan. The PRC has indicated that it wishes to participate in the ADB without requesting a prior commitment on borrowing. It has added that any requests it might make would take into account the Bank's commitments to its traditional borrowers as well as its limited resources. (Current replenishment negotiations have not taken into consideration any lending to new members.) Although China seeks development funds from bilateral and multilateral programs in order to meet its long term goals, its commercial borrowing policy to date has been extremely conservative.

Although Taiwan remains eligible for ADB loans, Taiwan has not borrowed from the ADB since 1971. This is largely a product of its rising standard of living and economic success. Any loan requests would have to be judged according to the policy of the ADB, a policy which seeks to halt borrowing to countries once they reach a development level that allows self-sustaining growth.

How this issue will be resolved is not clear at this time. I can assure you, however, that in formulating a final U.S. position Congressional views will be fully taken into account.

Sincerely,

Alvin Paul Drischler
Acting Assistant Secretary
for Congressional Relations